

Message Text

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TO USMISSION IAEA VIENNA

INFO AMEMBASSY MEXICO

UNCLAS STATE 049422

E. O. 11652: N/ A

TAGS: TECH, IAEA, MX

SUBJ: ENRICHED URANIUM FUEL FOR MEXICAN POWER REACTOR

1. IN VIEW MEXICAN DESIRE OBTAIN ENRICHED FUEL THROUGH IAEA FOR 600 MWE NUCLEAR POWER REACTOR BEING PURCHASED FROM AMERICAN FIRM, AS WELL AS OTHER POSSIBLE REQUESTS IN FUTURE, AEC CONSIDERING TWO ALTERNATIVE AMENDMENTS TO ATOMIC ENERGY ACT. ONE POSSIBLE AMENDMENT WOULD INCREASE AMOUNT OF ENRICHED URANIUM AEC AUTHORIZED DISTRIBUTE TO IAEA UNDER SECTION 54 OF ACT. PROPOSED AMENDMENT WOULD PERMIT AEC TRANSFER TO AGENCY, IN ADDITION 5,070 KILOGRAMS CONTAINED U-235 ALREADY AUTHORIZED, AN AMOUNT CONTAINED U-235 SUFFICIENT SUPPORT FUEL CYCLE OF POWER REACTORS WITH AGGREGATE INSTALLED CAPACITY OF 3,000 MW ELECTRICAL ENERGY. ALTERNATIVE WOULD AMEND SECTION 54 OF ACT BY DELETING REQUIREMENT FOR CONGRESSIONAL AUTHORIZATION OF AMOUNTS OF SPECIAL NUCLEAR MATERIAL WHICH MAY BE DISTRIBUTED TO A GROUP OF NATIONS. BOTH APPROACHES STILL UNDER CONSIDERATION WITHIN USG AND WE NOT ABLE AT THIS STAGE PREDICT WHICH UNCLASSIFIED

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APPROACH WILL BE FOLLOWED.

2. IN CASE OF EITHER ALTERNATIVE LEGISLATIVE ROUTE, IT WILL ALSO BE NECESSARY AMEND AGREEMENT FOR COOPERATION WITH AGENCY TO EXTEND BEYOND CURRENT EXPIRATION DATE OF MAY 10, 1979 TO PERMIT EXECUTION OF LONG- TERM CONTRACTS THEREUNDER. (ANTICIPATE AMENDMENT WOULD ALSO MAKE OTHER CHANGES IN AGREEMENT ON SUCH MATTERS AS PRICE AND REPROCESSING WHICH NO LONGER REFLECT AEC POLICY.)

3. CURRENT AEC SUPPLY POLICY PROVIDES FOR EXPRESSING CEILING AMOUNT OF ENRICHED URANIUM AVAILABLE PURSUANT AGREEMENTS FOR COOPERATION IN TERMS AMOUNT NECESSARY SUPPORT FUEL CYCLE OF POWER REACTORS OF SPECIFIED AGGREGATE INSTALLED NUMBER OF MEGAWATTS. THIS IS PERMISSIVE LANGUAGE WITH NO REPEAT NO COMMITMENT IMPLIED TO SUPPLY MATERIAL EXCEPT PURSUANT TO SUBSEQUENT SPECIFIC SUPPLY CONTRACTS EXECUTED UNDER AGREEMENT. THIS NEW FUEL SUPPLY POLICY, WHICH HAS BEEN INCORPORATED IN EURATOM AND JAPANESE COOPERATION AGREEMENTS AND WILL BE USED FOR ALL OTHERS, DESIGNED TO PROVIDE UMBRELLA AUTHORIZATION FOR MATERIAL TRANSFERS, BUT AVOID TYING UP AEC INVENTORY OR ENRICHMENT CAPACITY EXCEPT UNDER TERMS AND CONDITIONS OF ACTUAL SUPPLY CONTRACT. THIS APPROACH, OF COURSE, DIFFERS FROM THAT IN EXISTING AGREEMENT WITH AGENCY (CONCLUDED IN 1959) IN WHICH ENRICHED URANIUM SPECIFIED IN ARTICLE II A. OF AGREEMENT FOR COOPERATION WITH AGENCY CONSTITUTES COMMITMENT BY US TO EARMARK EQUIVALENT AMOUNT OF MATERIAL FOR SUPPLY " ON REQUEST" BY AGENCY PURSUANT TO AGREEMENT.

4. IN MAKING ADDITIONAL MATERIAL AVAILABLE TO AGENCY, WE DO NOT CONTEMPLATE CHANGING NATURE OR AMOUNT OF CURRENT COMMITMENT. ARTICLE II A. OF AGREEMENT PROVIDES THAT " US WILL ALSO, FROM TIME TO TIME, MAKE AVAILABLE TO THE AGENCY SUCH ADDITIONAL QUANTITIES OF SPECIAL NUCLEAR MATERIALS, INCLUDING CONTAINED URANIUM-235, AS MAY BE AUTHORIZED BY THE US." PURSUANT THIS PROVISION, AND FOLLOWING APPROVAL AMENDMENT TO ACT, WE WOULD PLAN INFORM AGENCY BY LETTER OF ADDITIONAL MATERIAL AUTHORIZED FOR TRANSFER UNDER NEW SUPPLY POLICY. WE WOULD CONSIDER THIS MATERIAL AS BEING MADE " AVAILABLE TO THE AGENCY" UNDER ARTICLE IX OF STATUTE ONLY WHEN SPECIFIC UNCLASSIFIED

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SUPPLY CONTRACTS ARE DEVELOPED WITH AGENCY ON A CASE- BY-
CASE BASIS. IN ORDER AVOID CONFUSION ARISING FROM HAV-
ING TWO DIFFERENT SUPPLY APPROACHES IN SAME AGREEMENT,
WE WOULD NOT PLAN INCLUDE SPECIFIC REFERENCE TO ADDITIONAL
MATERIAL AUTHORIZED IN AMENDMENT TO AGREEMENT.

5. MISSION REQUESTED INFORMALLY DISCUSS FOREGOING WITH
AGENCY, EMPHASIZING THAT US SUPPLY POLICY NO LONGER
PERMITS COMMITMENTS IN ADVANCE OF SUPPLY CONTRACT.
ADVISE RE AGENCY REACTION. ROGERS

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